

Message Text

UNCLASSIFIED

PAGE 01 TUNIS 06098 261203Z

ACTION NEA-10

INFO OCT-01 ISO-00 EURE-00 EB-08 /019 W

-----068979 261312Z /43

R 260938Z AUG 77

FM AMEMBASSY TUNIS

TO USDOC WASHDC

INFO AMEMBASSY ALGIERS

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY CASABLANCA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

SECSTATE WASHDC 8031

UNCLAS TUNIS 6098

ATHENS FOR REGIONAL TRADE DEVELOPMENT OFFICER

E.O. 11652: BENC, ECRE, TS

SUBJ: MAJOR PROJECTS: DESIGN, CONSTRUCTION AND MANAGEMENT OF
LUXURY HOTELS

1. SUMMARY. KUWAITI REAL ESTATE CONSORTIUM AND TUNISIAN INSTITUTIONAL PARTNERS PLAN \$140 MILLION INVESTMENT IN LUXURY HOTEL AND RECREATIONAL FACILITIES IN TUNIS AND COASTAL RESORT AREAS. LOCAL CHIEF ENGINEER FOR CONSORTIUM IS SEEKING INTERNATIONAL ENGINEERING FIRMS TO ASSUME RESPONSIBILITY FOR PROJECT DESIGN AND MANAGEMENT OR, ALTERNATIVELY, TURNKEY CONSTRUCTION. CONSORTIUM ALSO SEEKS INTERNATIONAL HOTEL CHAINS' MANAGEMENT ON CONCESSION BASIS. BIGGEST IMMEDIATE OPPORTUNITY IF FOUR-STAR LUXURY HOTEL FOR DOWNTOWN TUNIS WHICH WILL REQUIRE BOTH ENGINEERING SERVICES (PROJECT MANAGEMENT, DESIGN AND SUPERVISION) AND HOTEL MANAGEMENT CONTRACTS. END SUMMARY.

2. UPON INSTRUCTIONS OF ABDELLATIF AL-HAMAD, RESIDENT PRESIDENT DIRECTOR GENERAL IN TUNISIA FOR REAL ESTATE INVESTMENT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TUNIS 06098 261203Z

CORPORATION OF KUWAIT, TIM MARSDEN, (BRITISH NATIONAL) CHIEF ENGINEER, HAS APPROACHED AMERICAN, GERMAN AND BRITISH EMBASSIES IN WHAT HE DESCRIBES AS AN EFFORT TO BREAK LOCAL FRENCH MONOPOLY IN DESIGN AND CONSTRUCTION.

3. KUWAITI GROUP HERE SEEKING INTERNATIONAL ENGINEERING FIRMS TO ASSUME RESPONSIBILITY FOR CONSTRUCTION MANAGEMENT AND OVERALL

ARCHITECTURAL AND ENGINEERING DESIGN FOR MAJOR HOTEL PROJECTS WHICH TO TOTAL 60 MILLION DINARS (\$140 MILLION) OVER NEXT SEVERAL YEARS. FEES FOR LARGEST PROJECTS WOULD RUN ABOUT \$1 MILLION EACH (CIRCA 4 PERCENT) AND WOULD INVOLVE APPROXIMATELY THREE YEARS WORK INCLUDING 6 TO 12 MONTHS PRE-SITE WORK, TWO YEARS ON-SITE SUPERVISION AND 3 MONTH FOLLOW-ON. ALTERNATIVELY, CONSORTIUM WOULD WELCOME TURNKEY PROPOSALS ON FIXED PRICE OR ADJUSTABLE PRICE BASIS.

4. FOREIGN ENGINEERING FIRM WOULD WORK WITH TUNISIAN ARCHITECTS, WHO MUST BE EMPLOYED FOR WORK IN SUBSIDIZED TOURIST INDUSTRY. (TUNISIAN ARCHITECT WOULD NOT DO ALL ARCHITECTURAL DESIGN. MAJORITY, IF NOT ALL, OF ENGINEERING DESIGN--INCLUDING REINFORCED CONCRETE DESIGN--WOULD BE DONE BY FOREIGN FIRM.) FOREIGN ENGINEERING FIRM, HOWEVER, WOULD NECESSARILY HAVE TO HAVE DESIGN EXPERIENCE IN HOTEL FIELD. (HOTEL CONSTRUCTION IN TUNISIA BENEFITS FROM 2 PERCENT INTEREST SUBSIDY ON TUNISIAN PORTION OF DEBT, FROM COFIT INVESTMENT BANK. ALSO RECEIVED FROM NATIONAL TOURISM OFFICE: (A) DESIGN REBATE WHICH APPROXIMATELY COVERS COST OF LOCAL ARCHITECT SERVICES AND, (B) 2.5 PERCENT REBATE ON COST OF REINFORCED CONCRETE WORK.) MARSDEN NOTED THAT AMERICAN FIRMS WITH EUROPEAN OR OTHER OFFICES IN AREA WOULD HAVE ADVANTAGE IN THAT FEWER PERSONNEL WOULD BE REQUIRED FULL-TIME IN TUNIS. ALSO, THAT WHILE FRENCH LANGUAGE NECESSARY FOR ON-SITE AND GOVERNMENTAL LIAISON FUNCTIONS, KNOWLEDGE OF ENGLISH HELPFUL IN DEALING WITH KUWAITI PRINCIPALS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TUNIS 06098 261203Z

5. KUWAITI CONSORTIUM HAS THREE "DEFINITE" PROJECTS AT HAND. ONE IS FOR 800-BED "FOUR-STAR" HOTEL IN BELVEDERE SECTION OF DOWNTOWN TUNIS ACROSS FROM PARK AND ZOO, AT COST OF APPROXIMATELY 10 MILLION DINARS (\$23.3 MILLION). SECOND PROJECT IS FOR 300-BED EXPANSION AND UPGRADING TO FOUR-STAR STANDARD OF ABOUNAWAS SEASIDE HOTEL IN LGAMMARTH (NORTHERN SUBURB OF TUNIS). THIRD AND MOST ADVANCED PROJECT, FOR WHICH MOST SERVICES HAVE ALREADY BEEN CONTRACTED (ENGINEERS ARE FRENCH SERETE AND PROBABLE MANAGERS, GERMAN "MARITIME" CHAIN) IS 512 BED "DIAR ANDALOUS" HOTEL NORTH OF SOUSSE.

6. OTHER PROBABLE PROJECTS INCLUDE (A) 17 MILLION DINAR HOTEL/CASINO COMPLEX WITH BDET (TUNISIAN DEVELOPMENT BANK) ON LARGE (500-ACRE) SEASIDE TRACT IN UPPER GAMMARTH INCLUDING SITE OF BANKRUPT ITALIAN CASINO VENTURE; (B) SOUSSE "ETOILE" APARTMENT/HOTEL, SUPERMARKET COMPLEX, AND (C) TOURIST HOTEL IN PORT CITY OF MAHDIA (BETWEEN SOUSSE AND SFAX).

7. ECONOMIC COUNSELOR TOLD BY MARSDEN THAT HIS GROUP HAD CONTACTED SEVERAL MAJOR HOTEL CHAINS WHEN "BELVEDERE" HOTEL PROJECT AT MORE TENTATIVE STAGE AND HOPED THAT HYATT HOUSE MAY BE DEVELOPING

AN INTEREST.

8. MARSDEN STRESSED THAT ALTHOUGH CONSTRUCTION OF LUXURY HOTELS IS RELATIVELY RISKY, KUWAIT HAS MADE COMMITMENT TO GOT TO INVEST 30 MILLION DINARS--HALF IN EQUITY--IN SUCH JOINT VENTURES WITH TUNISIANS. KUWAITI MOTIVES ARE MIXTURE OF BUSINESS AND FOREIGN ASSISTANCE. MARSDEN ALSO NOTED THAT HIS GROUP'S "DIAR ANDALOUS" IN SOUSSE NORD WILL BE ONLY SECOND OF NUMBER OF HOTELS TO BE BUILT THERE BY VARIOUS INTERESTS IN CONJUNCTION WITH TUNISIAN "SOUSSE NORD" GROUP. (FIRST HOTEL, NOW UNDERLCONSTRUC-TION IS FOUR-STAR "HANNIBAL PALACE" TO BE RUN BY BRITISH TRUST HOUSES FORTE; PRIVATE BOAT MARINA AND GOLF COURSE ALSO UNDER CONSTRUCTION.) KUWAITIS THEMSELVES EXPECT TO ADD FURTHER PROJECTS THERE INCLUDING APARTMENT/HOTEL AND VILLAS NEAR DIAR ANDALOUS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 TUNIS 06098 261203Z

9. ENGINEERING, CONSTRUCTION AND HOTEL MANAGEMENT FIRMS INTERESTED IN EXPLORING POSSIBILITIES WITH KUWAITI INTERESTS HERE SHOULD COMMUNICATE IN ENGLISH DIRECTLY WITH MR. T. MARSDEN, KUWAIT CONSORTIUM FOR REAL ESTATE, 131 AVENUE DE LA LIBERTE, TUNIS.
TELEPHONE: 283.038.

10. ACTION REQUESTED: WE BELIVE APPROACH FROM KUWAITI INTERESTS HERE AFFORDS IMPORTANT OPPORTUNITY FOR US FIRMS TO SCORE BREAK-THROUGH IN AREA SO FAR MAINLY PREEMPTED BY FRENCH, TO MUTUAL BENEFIT OF US AND TUNISIA. MORE AMERICAN INVOLVEMENT ALSO COULD STRENGTHEN TUNISIAN TOURISM WHERE MOST NEEDED, IN QUALITY SECTOR. APART FROM CAGNE'S DIFFUSION OF THESE OPPORTUNITIES, EMBASSY WOULD APPRECIATE SHORT LIST WE COULD PASS TO MARSDEN OF US DESIGN AND ENGINEERING FIRMS WHICH HAVE WORKED OR INTERESTED IN DOING HOTEL WORK IN NORTH AFRICA.
KING

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, ORGANIZATION & MANAGEMENT, HOTELS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TUNIS06098
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770309-0480
Format: TEL
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770816/aaaaanhr.tel
Line Count: 153
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 59e6df51-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1461786
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: DESIGN, CONSTRUCTION AND MANAGEMENT OF LUXURY HOTELS
TAGS: BENC, ECRE, TS
To: COM
Type: TE
vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/59e6df51-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009